



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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Honorable George Bush
Chairman, Committee on Foreign
Intelligence
Washington, D. C. 20205

Dear George:

In this customary letter, we outline the major features of the President's 1977 Budget that are applicable to the National Foreign Intelligence Program (NFIP). Before doing so, I want to express our appreciation for the cooperation of the Intelligence Community staff in developing this budget.

As you know, the President's budget plan aimed to restrain Federal spending and to curb the future growth of the Government. With the help of your staff, the President's decisions have resulted in a budget that meets these objectives and at the same time provides for desirable initiatives and maintains important thrusts. It is a budget that we can all support with enthusiasm.

The budget the President has approved for the NFIP includes amounts for 1976, the transition quarter, and for 1977 and 1978 as shown in Enclosure A. The amounts shown are consistent with the estimates included in the President's budget for the Department of Defense and the Department of State.

The President expects you to develop detailed plans so that the operation of the NFIP for these periods will be held within the totals included in the Budget, unless mandatory requirements necessitate otherwise. He expects employment to be held to the ceilings shown in Enclosure B.

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Enclosure A also includes amounts for the years 1979, 1980, and 1981 projected from decisions made for the years 1976-1978; these amounts include the anticipated costs of pay raises and inflation. The degree of uncertainty surrounding future estimates is obviously greater for the later years than the earlier years. Accordingly, adjustments may be made during next year's budget process. The adjustments -- whether increases or decreases -- that are made next year will be based on unforeseen developments such as the outcome of the Administration's legislative program, later information on economic conditions, better appraisals of workload, and other changes in the external environment. Nevertheless, it is expected that, to the extent possible, future budget requirements that may result from proposals favored by you will be offset by reductions elsewhere in the NFIP.

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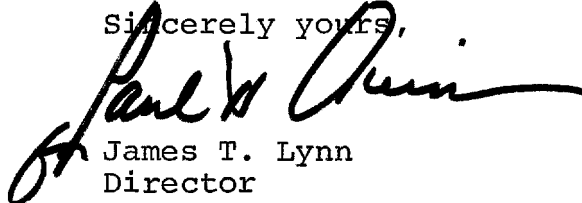
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House Appropriations Investigations: As you know, the House Appropriations Committee staff is currently conducting several studies, including CIA's communication activities, the Defense Intelligence Agency's operations, and the possible transfer of CIA's SIGINT activities to the National Security Agency. I have asked my staff to keep fully informed on the status of these studies and to assure that the positions taken on these issues represent coordinated Administration views. I ask that your staff work closely with OMB to accomplish this objective.

Systematic evaluation of governmental programs is especially important when budgets are limited. Careful planning and management of evaluation activities and the use of evaluation information in decisionmaking are essential to effective management. You should place a high priority on evaluation activities and make the fullest use of your evaluation resources during the coming year.

The President expects each official in the Intelligence Community to support actively the budget amounts set forth in this letter and its enclosures. This support should be given in testimony before congressional committees and in informal contacts with members of Congress and their staff.

Sincerely yours,



James T. Lynn
Director

Enclosures

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